

VZCZCXRO9657  
RR RUEHLN RUEHPD RUEHSK RUEHVK RUEHYG  
DE RUEHMO #3526/01 3401423  
ZNR UUUUU ZZH  
R 051423Z DEC 08  
FM AMEMBASSY MOSCOW  
TO RUEHC/SECSTATE WASHDC 1007  
INFO RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS  
RUCNCIS/CIS COLLECTIVE  
RUEHXD/MOSCOW POLITICAL COLLECTIVE

UNCLAS SECTION 01 OF 03 MOSCOW 003526

SENSITIVE  
SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [MASS](#) [EAID](#) [ETRD](#) [EPET](#) [EINV](#) [ENRG](#) [RS](#) [XM](#)  
SUBJECT: MEDVEDEV BOLSTERS RUSSIA'S LATIN AMERICAN OUTREACH

MOSCOW 00003526 001.2 OF 003

11. (SBU) Summary: The MFA and experts saw President Medvedev's November 22-28 trip to Latin America as pragmatic, and focused on trade and economic issues, not driven by ideology or efforts to compete with the U.S. or China. In a meeting with the Ambassador December 2, Deputy Foreign Minister Sergey Ryabkov characterized the trip as a "success on a number of fronts," and said it was not "overloaded (except by Venezuelan President Chavez) with a political message to the U.S." Ryabkov downplayed the military cooperation elements of the visit, noting that the Russian military needed to train, which included exercising its reach. Medvedev's trip capped a series of high-level GOR visits over the last few months, producing some new accords, including a USD 350 million loan to Cuba, the creation of a Russian-Venezuelan development bank, Russian-Venezuelan visa-free travel, a 25-year energy cooperation agreement with Venezuela, a military-technical cooperation agreement with Peru, and the possibility for nuclear energy cooperation with Venezuela, Brazil, and Ecuador. Russian ambitions to expand its influence in the region have been overtaken by a domestic preoccupation with the economic fallout from the global financial crisis. End summary.

"Pragmatic Cooperation"

12. (SBU) Continuing senior Russian leaders' efforts to expand Russia's relations with Latin American countries, President Medvedev visited Peru, Brazil, Venezuela, and Cuba November 22-28, participating in the APEC Summit in Lima and a Bolivarian Alternative for the Americas (ALBA) summit in Caracas. The focus was principally on the trade, economic and energy fields, and several agreements were reached in areas previously lacking in the relationship, according to Ryabkov. While Lavrov had said that trade between Latin America and Russia had shown an annual growth of 25-30 percent, and was expected to reach a record of USD 15 billion in 2008, MFA Head of the Latin America Regional Problems Department Igor Romanschenko told us the global financial crisis would probably cause growth to slow substantially in the foreseeable future.

13. (SBU) Despite extensive media portrayal of Medvedev's trip to the region, particularly Venezuela and Cuba, as challenging the U.S. and showing that Russia can play in America's backyard too, Ryabkov told the Ambassador that Russia was not trying to play "childish games," but simply needed to have better relations with Latin American countries over the long term. Lavrov told the press that Russia's Latin American links were not aimed at third parties, emphasizing that Russian arms deals were only for defensive measures. Military exercises, such as the ones between the Russian and Venezuelan Navies, were merely good training opportunities. Romanschenko insisted that upgrading Latin American relations was not intended to be a response to U.S. support of Georgia during the war in August, and emphasized that Russia's main interest in the region was to strengthen its economic ties. He acknowledged, however, that developing stronger relations with

Latin America would help promote Medvedev's view of a "multi-polar world system."

¶4. (SBU) While experts discounted any overarching ideological motivation behind the trip, they acknowledged that it was part of Russia's effort to expand its influence. Director of the Latin American Institute Vladimir Davidov noted that Russia's commitment to expanding political and economic ties with all Latin American countries was critical to Russia's foreign policy goals. Pyotr Romanov, Latin America Commentator for Ria Novosti, said that in the past, Russia's priority in the region had been ideological and anti-U.S. Now, although Chavez wanted to talk about a "strategic relationship" with Russia, Moscow was not interested. "It's all business," Romanov claimed.

-----  
Russia vs. China?  
-----

¶5. (SBU) Both Medvedev and the MFA dismissed media speculation that Russia was seeking to compete with China in the region, with Medvedev characterizing Chinese ties to Latin America as "normal competition" for Russia. Romanschenko said there was limited economic competition between Russia and China in the region, given that the two countries were interested in different resources. He added that with China's trade volume with Latin American countries reaching USD 100 billion, while Russia's was only USD 15 billion, there was little scope for significant competition. Vasiliy Mikheyev, Director of the

MOSCOW 00003526 002.2 OF 003

China and Japan Center at the Institute for World Economy and International Relations, agreed that Russia and China were unlikely to compete in the region, because of their divergent goals. Russia was interested in offering technological expertise in exchange for access to Latin American resources, while China was more interested in providing capital investment in exchange for raw materials. Mikheyev also noted that while China had started developing Latin American relations some years ago, Russian interest in the region was still in the early stages of development and had not yet yielded many substantive cooperative arrangements. Medvedev in Venezuela mining, with USD 4 billion earmarked for the bank's initial capital. He stated that the two sides also focused on the "possibility" of using the Ruble and the Bolivar as the main currency for mutual settlements through the bank. An accord between Gazprom and Petroleos de Venezuela SA (PDVSA), and a MOU between the Russian United Shipbuilding Corporation and PDVSA were also reached for joint exploration of t-2 agreement, which could also be extended for an additional 5 years, was signed, and included dialogu2\$y-QQ- (SBU) Although no time tables were given for any of these agreements, Rosatom CEO Sergei Kiriyenko told the press that Venezuela and Russia planned to develop a nuclear cooperation program by the end of 2009. Chavez told supporters that the GOR had offered to help Venezuela build a nuclear reactor in the Zula region. However, Romanschenko told us that he had no details concerning possible nuclear cooperation with Venezuela, but noted that the GOR was always ready to push forward on economically beneficial projects.

-----  
Medvedev in Peru, Brazil and Cuba  
-----

¶8. (SBU) In Peru, Medvedev had been expected to sign a number of accords, but only one agreement on military cooperation to build a plant to repair and service Russian-built helicopters was reached. Other negotiations were reportedly held back over issues including double-taxation of Gazprom. Medvedev also invited President Alan Garcia to visit Moscow in the near future.

¶9. (SBU) Ryabkov highlighted Medvedev's visit to Brazil, noting the importance of bolstering economic ties. Medvedev and Lula discussed the future of and participation in global institutions, including the UN Security Council and G20, and called for a new BRIC summit to be held in Russia next year. Agreements on aerospace cooperation, defense industries cooperation, and development of nuclear energy cooperation

were signed.

¶10. (SBU) Despite the media frenzy about increased Russia-Cuba ties, no new deals were signed, although possibilities for "economic cooperation" were discussed. Seeing little likelihood of any significant arms deals or military cooperation, Romanov told us the main stumbling block was Cuba's inability to pay. The only concrete deal actually under discussion was for Kamaz, a Russian automobile company, to open an assembly factory in Cuba to build buses.

-----  
Medvedev Meets With ALBA  
-----

¶11. (U) Medvedev met with leaders from Nicaragua, Dominica, Bolivia, Ecuador, Honduras, and Cuba in an ALBA meeting on November 27 in Caracas. According to Russian press reports, during this meeting Medvedev expressed interest in developing relations with these countries, and possible Russian participation in the organization in the future as an

MOSCOW 00003526 003.2 OF 003

"associated member."

-----  
Lavrov in Ecuador  
-----

¶12. (U) During a side-trip to Ecuador separate from Medvedev's itinerary, FM Lavrov told the press on November 27 that Russia was interested in nuclear energy cooperation for peaceful purposes with Ecuador, and in increasing military-technical cooperation.

-----  
COMMENT  
-----

¶13. (SBU) Although GOR officials adhere to the line that Russia's interest in Latin America is simply a normal expansion of ties, and not intended as a challenge to the U.S., Moscow is clearly intent on extending its influence, if not ideologically, at least politically and economically, in the region. Despite Russia's aspirations, the global financial crisis is likely to slow the process, both in Russian investment and in the region's buying power. Grandiose schemes, such as Russia's proposed construction of an "alternate Panama canal" (floated by DFM Sechin), appear quaint in light of the scale of Russia's economic downturn and domestic economic preoccupations.